

AGENCY AND TSP SYNOPSIS

The Federal Retirement Thrift Investment Board (FRTIB or Agency) is an independent Federal agency in the Executive Branch created by the Federal Employees' Retirement System Act of 1986 (FERSA). The Thrift Savings Plan (TSP or Plan) is a retirement savings and investment plan for Federal civilian employees and members of the uniformed services that offers its participants the same type of savings and tax benefits that many private corporations offer their employees under I.R.C. §401(k) plans. The mission of the FRTIB is to administer the TSP solely in the interest of participants and beneficiaries.

As of December 31, 2012, the TSP had approximately 4.6 million participants, of which an estimated 4% are domiciled overseas. With about \$358 billion in assets, the TSP is the largest participant-directed defined contribution plan in the world. The Federal Acquisition Regulation (FAR) informs the Agency's procurement activities; however, as a non-appropriated fund agency, the Agency is not bound by the FAR.

Participants of the TSP fall under one of the three distinct Federal retirement systems, which operate under unique rules that require different processing; however, the TSP operates as one plan. Approximately 2.43 million active TSP participants are covered under the Federal Employees Retirement System (FERS). Approximately 175,400 active TSP participants are covered under the Civil Service Retirement System (CSRS). Note that since 1986, new Federal civilian employees are covered by FERS. CSRS was discontinued with the introduction of FERS and consequently coverage will continue to decline in future years. Approximately 913,000 active TSP participants are members of the Uniformed Services. Another 1.3 million accounts are maintained, but have no active contributions (generally separated or retired employees).

A. Agency Mission

To administer the TSP solely in the interest of participants and beneficiaries

In fulfilling its mission, the FRTIB strives to offer high quality services and benefits, while maintaining reasonable administrative costs. To ensure an effective balance between services and benefits and their associated costs, the FRTIB wants to continually validate and challenge its performance against industry best practices and benchmarks where comparisons are practical.

B. AGENCY STRATEGIC PLAN

The Agency has established four (4) strategic goals:

- We help people retire with dignity.
- We ensure that FRTIB is a great place to work.
- We pursue flawless operations.
- We maintain excellent relationships with entities that oversee, regulate, govern, and influence the TSP.

In support of its strategic goals, the Agency has identified outcomes, performance metrics and targets that define the minimum level of success it is willing to accept (i.e., our target baselines). An outcome of the TSP Benchmarking Service is a mapping of operational and transactional work to the specific strategic goals that the work supports, stating the baseline of its current processes to ensure that all performance metrics have been identified and that the appropriate targets have been set.

Prospective Offerors are encouraged to read the Agency's Strategic Plan and other information Reading Room tab at www.frtib.gov, to ensure that they will be able to identify or validate, and benchmark the key operational TSP processes. Key cost drivers identified under this solicitation must be mapped to key operational processes for budgeting and reporting purposes.

C. STEADY STATE AND NEW INITIATIVES

For planning and budgeting purposes, the Agency recognizes two (2) distinct area of work: Steady State (as is) and New Initiatives (to be). For this solicitation:

- Steady State includes all Plan design, processes, and procedures in place at the time of award
- New initiatives are both funded and unfunded strategic initiatives as identified in the Agency's Strategic Plan, as well as major tactical changes in progress (e.g., significant software updates or application replacements)

As available for Steady State, historical data (e.g., five years) shall be included in the TSP Benchmarking information for trending analyses, performance and cost baselines, and predictive analyses (e.g., forecasting). For New Initiatives, the TSP Benchmarking effort will establish a methodology for forecasting the impact of changes to the baseline performance and cost and the need for process re-engineering.

D. AGENCY AND TSP MANAGEMENT

By statute, a Board of Directors establishes policies for the investment and management of the Thrift Savings Fund. The Board is made up of 5 presidentially appointed members who must possess “substantial experience, training, and expertise in the management of financial investments and pension benefit plans”. The statute provides for the Employee Thrift Advisory Council, an independent 15-member Council that represents the largest groups of employees eligible to participate in the TSP and advises the Board and the Executive on investment and administrative policies.

The Board members appoint an Executive Director who oversees the day-to-day operations and who must have the same experience, training and expertise as Board members. The Agency currently has 10 offices reflecting its primary business activities, which may be Core (directly impact TSP benefits) or Support (support the Core activities). Each Office is responsible for setting policies, processes and procedures for the activities under its purview. The following table shows the offices along with their type of business activities and general mission.

Table AT-01		FRTIB Organization	
#	Office	Business Activity	Mission
1	Office of Communications and Education	Support	Educate and inform participants, potential participants, beneficiaries, Agency staff, and TSP partners about the TSP's features and benefits.
2	Office of Enterprise Planning	Support	Champion the Agency's planning and project life cycles, research financial and retirement market trends and the behavior of TSP participants to inform and shape the Agency's direction.
3	Office of Enterprise Risk Management	Support	Provide leadership and support to the accomplishment of the Agency's Strategic Plan to effectively and efficiently identify, manage and mitigate risks to the resources, data, and reputation of the TSP and Agency.
4	Office of External Affairs (OEA)	Support	Develop and manage external communications to Congress, the media, Employee Thrift Advisory Council (ETAC), and other Federal agencies in support of Agency strategies and programs.
5	Office of Financial Management	Support	Provide leadership and support to the Agency and its stakeholders on all financial matters.

6	Office of General Counsel (OGC)	Support	Provide advice to the Executive Director, Board Members, and Agency staff concerning their legal duties and responsibilities under FERSA and other applicable laws.
7	Office of Investments (OI)	Core	Develop and implement investment policy and provide subject matter expertise for TSP investment programs.
8	Office of Policy and Operational Procedures	Core	Develop and administer operational and program policy to ensure the TSP participants and beneficiaries receive best in class service and benefits.
9	Office of Resource Management (ORM)	Support	Develop and deliver administrative services and human resource programs designed to support the employees and overall mission of the Agency.
10	Office of Technology Services (OTS)	Support	Ensure that the technology resources and solutions for the Agency and the TSP are secure, cost effective, and highly available.

E. TSP Growth

The Agency has a history of responding to frequent changes to statute, regulations, technology and participant's needs. The Agency and the TSP were established by statute in 1986 and accepted its first contributions in 1987. At that time, only civilian employees could participate. The Plan was monthly valued and participants had a choice of 3 funds – the Government Securities Investment Fund (G Fund), Fixed Income Index Investment Fund (F Fund), and Common Stock Index Investment Fund (C Fund). One call center handled all calls in an 8-hour day, five days a week. The Agency had fewer than 100 employees.

The next several years saw many changes to the TSP. By 2002, members of the uniformed services were able to participate in the TSP. Overall participation had grown to 3 million and Plan assets were over \$100 billion. Two new funds were added – the Small Cap Stock Index Investment Fund (S Fund) and International Stock Index Investment Fund (I Fund). Participants could request interfund transfers to reallocate their existing account balances among funds. A basic web site had been implemented for informational purposes and a voice response system (VRS), known as the ThriftLine, was established on a 24/7 basis, but calls were at the participants' expense. The Agency grew to 106 employees.

By 2012, the Plan was daily valued requiring replacement of the recordkeeping system, Lifecycle Funds were added to the Plan (based on the existing 5 investment funds), automatic enrollments and spouse beneficiary accounts were introduced, Roth TSP contributions were allowed, limits were placed on interfund transfers to protect Plan assets, and our website had been redesigned and was

more interactive. Participation increased to 4.6 million and assets exceeded \$320 billion. Two redundant call centers were established in separate locations and hours of operations were increased to overlapping 14-hour days, 5 days a week. The VRS capabilities were enhanced and a 1-800 number was established. The Agency grew to 110 employees.

By 2017, projections show that participation will be in the range of 6.0 to 7.2 million, assets between \$535 to 546 billion and the agency size will reach 200 employees. Additional features may include a mutual fund window and automatic deferral escalation. The Agency must be able to provide adequate retirement income strategies for retirees, meet increased processing volume, offer additional decision tools for participants to manage their accounts, be responsive to volatility in the financial markets, meet participant expectations for providing access to their accounts through a variety of channels, and maintain excellence in operations with low administrative expenses.

The Agency must understand the changing dynamics of the TSP population and how the TSP must adapt. To better plan for future growth and changes, the Agency recognizes the need to benchmark its current operations and position itself to better identify future plan changes and the impact of those changes on Plan expenses. However, the Agency is in its infancy in systematically and consistently measuring and benchmarking performance. As such, the Agency will look to the Contractor to bring significant experience to bear in assisting the Agency to make the right decisions related to choosing the appropriate foundational frameworks and methodologies.

F. TSP AND OTHER DEFINED CONTRIBUTION PLANS

While the TSP has many similarities to other defined contribution plans, it also has several unique characteristics. Some administrative functions associated with providing services to participants are handled outside of the TSP and are not funded by TSP participant fees. For example, federal agencies and uniformed services act as external partners and bear the costs of processing and transmitting enrollment, payroll contributions, and personal identifying information for their actively-employed participants, and for notifying the TSP of their employee's or member's separation from service. The agencies and services also are responsible for training employees and members about their retirement benefits, including the TSP. (NOTE: The Agency provides cost-free training, but it is up to the federal agencies and uniformed to request the training and they assume any travel and facility costs.) Additionally, the U.S. Treasury undertakes certain functions for the TSP, such as investing for the government securities fund and processing disbursements. However, the Agency has several other external partners under contract to perform many of the day-to-day procedures associated with key operational processes. *See Table AT-03, External Partners, below for a list of the primary external partners.* Additionally, the Agency has a TSP-specific communications program, but it does not include profit-marketing

features or financial advice. Offerors shall include in their proposals how they intend to normalize or otherwise address these resulting TSP cost savings in the benchmarking effort.

No one entity may be entirely comparable to the TSP in the number of participants, volume of processing, and assets for a single DC plan. And, while the TSP must adhere to certain compliance regulations under FERSA, in some cases, these regulations are less onerous than those under the Employee Retirement Income Security Act (ERISA). Offerors shall address how they propose to approach the comparative review for Benchmarking purposes.

G. Minimum Required Key Operational Processes

The following list provides the Agency's determination of the minimum required key operational processes associated with the TSP processes and brief descriptions of those processes. Additional information about these processes can be found at www.tsp.gov, under Forms and Publications. This list is not intended to be all inclusive as there are many other processes performed in administering the TSP. Offerors may suggest additional key processes based on their knowledge of defined contribution plans and may propose a different approach in benchmarking the key processes (e.g., one or more items shown below may be combined and labeled differently for benchmarking to other defined contribution plans). The final list of key operational processes will be determined after contract award.

Table AT-02		Minimum Required Key Operational Processes
#	Process	Description
1	Abandoned Accounts Forfeitures	Forfeitures of deemed "at risk" accounts that have had no activity in a specified period of time.
2	Account Reconciliation	Participant accounts and fund balances are reconciled and reported on a daily basis, during a daily processing cycle.
3	Contributions	Payroll offices of the Federal agencies and uniformed services submit payroll contribution files directly to the TSP for processing. These files also contain participant changes to the allocation of future contributions. Contributions files are processed daily and participant accounts are updated in the daily processing cycle.
4	Contribution Allocations and Interfund Transfers	Participants submit directly to the TSP their requests to change the distribution of future contributions among TSP fund and to change the distribution of current account balances via the TSP website, voice response system (ThriftLine), or paper form.

5	Disbursements	Pre and post-separation withdrawals and loan issuances are processed during the daily processing cycle. Disbursement files are transmitted to the U.S. Treasury, which then mails checks or processes electronic fund transfers in accordance with a participant's or beneficiary's request.
6	Error Correction and Special Processing	TSP has a combination of automated and manual processes to correct certain account information, including processing returned checks and amounts transferred or rolled over into the TSP from an IRA or other eligible plan. A special processing group has authority to modify approved actions within prescribed procedures.
7	Investments	Daily investments are managed through an external partner and processed through a custom application into the OmniPlus database. Administrative expenses are deducted before earnings are distributed to accounts.
8	Loan Repayments	The TSP forwards loan repayment information to Federal agencies and uniformed services that then deduct repayment amount from a participant's or member's salary and submit it to the TSP via a Federal Reserve Bank. Participants may submit checks to the TSP via a lockbox to buy down or pay off loans early.
9	Notice Production and Fulfillment	The TSP processes notices to participants and beneficiaries on a daily basis. A file is transmitted to another contractor who prints and mails the notices to participants and beneficiaries. Participants may request e-mails in lieu of paper notices for contribution allocations and interfund transfers, only.
10	Participant Benefits Request Process	The majority of TSP disbursement transactions are process via paper forms, which are Optical Character Recognition forms. An external partner receives and processes the forms. Once processed, the forms are routed via a work flow to the appropriate queue. A limited number of requests may be completed on the TSP website or by means of the voice response system (ThriftLine); however, any disbursement request must be completed as a form and notarized. Requests associated with legal and death cases are processed by another external partner using different, more manual procedures in some situations.
11	Participant Services Representative Process	Through external partners, the Agency maintains 2 TSP call centers to handle participant calls. Calls are routed through the ThriftLine, the TSP voice response system.
12	Report Process	Electronic reports are generated and transmitted during the daily processing cycle for Agency accounting reconciliation and various business activities. Electronic reports also are generated daily and transmitted to payroll offices to meet their internal reconciliations requirements.

G. EXTERNAL PARTNERS

Many operational and administrative functions (e.g., recordkeeping services and participant enrollments) are performed under multiple contracts or other external agreements and interactions with the Agency. The work of these external partners will typically fall under the benchmarking efforts. The table below provides a list of operational functions with external party involvement and the Agency office responsible for oversight.

Table AT-03		Primary External Processing Relationships	
#	Function	Purpose	Responsible Office
1	Information Technology (Contract)	Day-to-day management of Infrastructure, Operations, Business Software Operations.	Office of Technology Services
2	Investment Manager (Contract)	Day-to-day management of the investment of equity and bond funds.	Office of Investments
3	Annuity Vendor (Contract)	Receives files with participant's account balance and purchases and manages the chosen annuity type.	Office of Policy and Operational Procedures
4	Call Centers (2 Contracts)	Responds to participant inquiries from two locations; receives calls from 7:00 AM to 9:00 PM.	Office of Policy and Operational Procedures
5	Data Entry (Contract)	Receives and date enters TSP participant forms.	Office of Policy and Operational Procedures
6	Agency Technical Services (Contract)	Provides support to Federal agencies and uniformed services in sending contribution files and receiving reports.	Office of Policy and Operational Procedures
7	Special Processing (Contract)	Day-to-day management of approved non-automated transactions such as roll-ins, Treasury credits, and non-sufficient fund checks.	Office of Policy and Operational Procedures
8	Legal & Death Processing (Contract)	Day-to-management of court ordered payments, child support payments, and death cases, powers of attorney, guardianship, and conservatorships.	Office of Policy and Operational Procedures

9	Fulfillment (Contract)	Prints and mails notices and other materials to participants.	Office of Policy and Operational Procedures
10	Payroll Activities (Government Service)	Federal agencies and uniformed service process and transmit enrollment, payroll contributions, and personal identifying information for their actively-employed participants.	Office of Policy and Operational Procedures
11	Employee and Member Training (Government Service)	The agencies and services are responsible for training employees and members about their retirement benefits, including the TSP. FRTIB provides training, but the agencies and services bear all travel or facilities costs.	Office of Policy and Operational Procedures
12	External Money Flow and G Fund Investments (Government Service)	U.S. Treasury processes checks and electronic fund transfers for participants' disbursements, reconciles fund transfers between payroll offices and the TSP, and investments in the G Fund.	Office of Financial Services
13	Tax Reporting (Government Service)	IRS receives tax withholding payments daily and receives an annual file to issue Form 1009-R's to participants who had taxable distributions.	Office of Financial Services